



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

June 5, 2009

Mr. James G. Scott
Centers for Medicare and Medicaid Services
Regional Office 7
Richard Bolling Federal Building
Room 235
601 East 12th Street
Kansas City, MO 64106

Ms. Juliana Sharp
Centers for Medicare and Medicaid Services
CMSO/FCHPG/DSDW
Mailstop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Mr. Scott and Ms. Sharp:

The State of Iowa respectfully submits this request for an amendment to our 1115 IowaCare Demonstration Waiver. The current Terms and Conditions Section IX, Paragraph 41, Medicaid Reimbursement and Finance is as follows:

41. The State will *not* finance the non-federal share through the imposition of any new health care provider taxes during the period of the demonstration including, without limitation, taxes on hospitals, nursing facilities, physicians or pharmacies. (Note: changes in federal law related to health care related taxes will be applicable to the existing Iowa ICF/MR tax.)

a) By July 1, 2005, the state formally withdrew pending State Plan Amendment (SPA) 03-24, submitted to CMS on December 12, 2003 with a proposed effective date of October 1, 2003. This SPA proposed to increase reimbursement to nursing facilities (NF's) based on collection of a proposed variable rate NF service tax.

Separate and apart from our 1115 IowaCare Demonstration Waiver, the State of Iowa has enacted legislation, SF 476. This legislation provides for the following directives to the Iowa Department of Human Services in order to implement a Nursing Facility (NF) Quality Assurance Assessment Program:

1. Submit a request for approval to CMS to amend the terms and conditions of the 1115 IowaCare waiver, to eliminate the provision in which the state agrees to refrain from imposing any provider tax during the pendency of the 1115 demonstration waiver for IowaCare.
2. Submit a request for approval to CMS, a waiver of uniformity that will allow the state to impose varying levels of taxation on providers.

3. Submit a medical assistance state plan amendment for approval to CMS, to revise the nursing facility reimbursement methodology to include a quality assurance assessment add-on payment.

Prior to implementation of the 1115 IowaCare Demonstration Waiver, Iowa had a nursing facility provider tax, pending state plan amendment and request for waiver of uniformity. As part of the terms and conditions of the 1115 IowaCare waiver, the State agreed to withdraw the pending state plan amendment. Due to the enacted legislation, the State now requests to amend the provision in which the state agrees to not impose any provider tax on a nursing facility during the period of the demonstration waiver. The Quality Assurance Assessment fees received will not be used to finance the non-federal share of 1115 IowaCare waiver expenditures.

A letter was sent to CMS on January 23, 2009 stating that there was renewed interest with the Iowa General Assembly to implement a nursing facility provider tax program. Included with this letter was a draft copy of the waiver of uniformity proposal. Pursuant to discussions with CMS Regional staff, upon submission of the draft, it was our understanding that there were no significant concerns or issues identified that would preclude approval of our request to amend the 1115 IowaCare Waiver Terms and Conditions. Therefore, the State of Iowa is moving forward to implement these directives and will be preparing a state plan amendment and formal request for waiver of uniformity within the next few weeks.

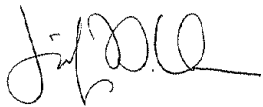
As such, we respectfully request to amend the current Terms and Conditions Section IX, Paragraph 41, Medicaid Reimbursement and finance by striking the words "nursing facilities" as shown below:

41. The State will *not* finance the non-federal share through the imposition of any new health care provider taxes during the period of the demonstration including, without limitation, taxes on hospitals, ~~nursing facilities~~, physicians or pharmacies. (Note: changes in federal law related to health care related taxes will be applicable to the existing Iowa ICF/MR tax.)

a) By July 1, 2005, the state formally withdrew pending State Plan Amendment (SPA) 03-24, submitted to CMS on December 12, 2003 with a proposed effective date of October 1, 2003. This SPA proposed to increase reimbursement to nursing facilities (NF's) based on collection of a proposed variable rate NF service tax.

Thank you for your assistance.

Sincerely,



Jennifer H. Vermeer
Medicaid Director

JHV/kjm

cc: Charles Krogmeier, Director, Department of Human Services
Kelly Metz, Iowa Medicaid Enterprise
Sharon Taggart, CMS Region VII, Kansas City
Michelle Opheim, CMS Region VII, Kansas City
Mark Byler, CMS Region VII, Kansas City

